

COMPACT GOAL

The five-year, \$698 million compact will stimulate economic growth, increase household incomes, and raise the quality of life in program areas through targeted infrastructure investments in transportation, energy and water.

COMPACT AT A GLANCE

Compact Signed	02-17-2008
Entry Into Force	09-17-2008
Compact End Date	09-17-2013
Compact Total	\$698,136,000
Amount Committed	\$683,226,618
Amount Expended	\$500,824,001
Estimated Program Beneficiaries	5,425,013
Estimated Increase in Household Income	\$1,336,000,000

% OF TOTAL COMPACT BUDGET (USD MILLIONS)

56%	Transport Sector Project	\$388.1
29%	Energy Sector Project	\$205.6
9%	Water Sector Project	\$65.0
4%	Program Administration And Control	\$31.1
1%	Monitoring And Evaluation	\$8.2



■ Project Preparation ■ Project Implementation

Transport Sector Project

PROJECT COST

\$388,138,380

TOTAL CONTRACT COMMITMENTS

\$385,935,916

TOTAL PROJECT EXPENDITURES¹

\$258,988,770

Increase cash crop revenue and tourism by paving and upgrading of more than 435 kilometers of trunk roads on the mainland; upgrading Mafia Island Airport; paving and upgrading 35 kilometers of rural roads on Pemba Island; and providing support to enhance Tanzania's capacity to maintain its road network and improve road safety.

Projected Long-Term Results (Up to 20 years)

ESTIMATED BENEFICIARIES

1,624,552

ESTIMATED INCREASE IN HOUSEHOLD INCOME

\$427,000,000

20-year projected benefits are based on the best, currently available, information and may be updated if new, more reliable, data becomes available.

PROJECTED RESULTS BY END OF COMPACT

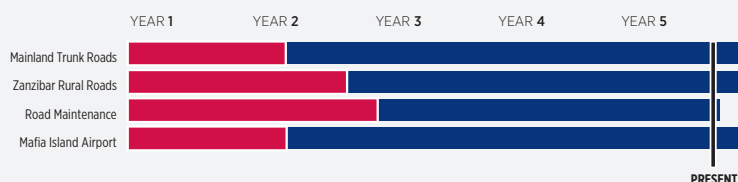
Pave and improve 435 kilometers of high-traffic roads on Tanzania's mainland; pave and improve 35 kilometers of rural roads on Pemba Island; and pave 1.4 kilometers of airport runway with associated site improvements for the Mafia Island Airport. Establish additional road maintenance capabilities on the mainland and in Zanzibar.

PROGRESS TO DATE

Construction contracts for all six Mainland Trunk Road Activity segments (over 435 kilometers), Pemba Rural Roads, and the Mafia Island Airport Improvement Activity are underway. The first contracted Mainland Trunk Road Activity (from Tanga to Horohoro) was completed in October 2012. Several more roads and Mafia Island Airport have had significant work completed where some new road segment surfaces and the new airport runway are open to users.

PROJECT ACHIEVEMENTS

In collaboration with MCC and other donors, the Government of Tanzania established a new National Road Safety Policy approved by the cabinet in 2009.



PRESENT

Energy Sector Project	PROJECT COST	TOTAL CONTRACT COMMITMENTS	TOTAL PROJECT EXPENDITURES ¹
	\$205,614,640	\$204,230,509	\$165,361,906
<p>Increase economic activity by improving electricity service through several activities: installing a 100 MW submarine transmission cable from the mainland to Zanzibar; constructing approximately 2,700 kilometers of distribution lines in seven regions, and upgrading substation infrastructure; providing solar photovoltaic systems in Kigoma; providing technical assistance.</p>	<div><div>YEAR 1</div><div>YEAR 2</div><div>YEAR 3</div><div>YEAR 4</div><div>YEAR 5</div><div>PRESENT</div></div> <div><div>Zanzibar Interconnector</div><div>Malagarasi Hydropower & Kigoma Distribution</div><div>Distribution Systems Rehab & Extension</div></div>		
<p>Projected Long-Term Results (Up to 20 years)</p>			
<p>ESTIMATED BENEFICIARIES</p>	<p>ESTIMATED INCREASE IN HOUSEHOLD INCOME</p>		
1,483,975	\$934,000,000		
	<p>20-year projected benefits are based on the best, currently available, information and may be updated if new, more reliable, data becomes available.</p>		
	<p>PROJECTED RESULTS BY END OF COMPACT</p> <p>Increase in the quantity of electricity sold and number of connected customers by the end of the project in seven (7) regions on the mainland and Zanzibar; and a 15 percent reduction in the frequency and duration of power outages. Demonstrations of solar power applications in rural areas. Progress towards the establishment of a utility regulator on Zanzibar.</p>	<p>PROGRESS TO DATE</p> <p>Works on the Zanzibar interconnector cable, associated substations, and overhead lines were completed and the cable entered into service in April 2013. Distribution extension and remaining substation works are ongoing with one contract completed. Additional lines segments and substations have been taken over. Solar photovoltaic installations are in progress in Kigoma. The feasibility study for Malagarasi hydropower plant was completed in 2012.</p>	<p>PROJECT ACHIEVEMENTS</p> <p>The Government passed a new Electricity Act in 2008 to update 75-year old legislation, fulfilling a compact requirement. New provisions have created a more conducive environment for private sector participation and investment. The Zanzibar utility implemented the first tranche of an 85 percent tariff hike in June 2012, and is expected to follow through with second and third tranches in 2013.</p>

Water Sector Project	PROJECT COST	TOTAL CONTRACT COMMITMENTS	TOTAL PROJECT EXPENDITURES ¹
	\$65,027,607	\$58,355,729	\$45,508,381
<p>Increase human and physical capital and reduce the prevalence of water-related diseases by expanding the capacity of the Lower Ruvu Water Treatment Plant from 180 to 270 million liters per day; rehabilitating water intake and water treatment plants, and improving the existing distribution network in the city of Morogoro.</p>	<div><div>YEAR 1</div><div>YEAR 2</div><div>YEAR 3</div><div>YEAR 4</div><div>YEAR 5</div><div>PRESENT</div></div> <div><div>Lower Ruvu Plant Expansion</div><div>Non-Revenue Water</div><div>Morogoro Water Supply</div></div>		
<p>Projected Long-Term Results (Up to 20 years)</p>			
<p>ESTIMATED BENEFICIARIES</p>	<p>ESTIMATED INCREASE IN HOUSEHOLD INCOME</p>		
2,801,856	\$113,000,000		
	<p>20-year projected benefits are based on the best, currently available, information and may be updated if new, more reliable, data becomes available.</p>		
	<p>PROJECTED RESULTS BY END OF COMPACT</p> <p>Increase the number of household and commercial water connections; increase the water supply by 7 million liters per day in Morogoro by September 2013 and by an additional 6 million liters per day by January 2014; and increase water production capacity by 90 million liters per day at the Lower Ruvu Water Treatment Plant servicing Dar es Salaam. The latter will be realized with the completion of a separately funded Transmission Main Upgrade.</p>	<p>PROGRESS TO DATE</p> <p>Construction contracts for the expansion of the Lower Ruvu Water Treatment Plant and rehabilitation/expansion of the Morogoro water supply system were signed in late 2010 and early 2011, respectively. Construction is underway and nearing completion. Additionally, MCA-Tanzania has utilized contingency funds to upgrade the Morogoro water utility's revenue collection system and fleet of meters.</p>	<p>PROJECT ACHIEVEMENTS</p> <p>The works at the Lower Ruvu Water Treatment Works continue to make progress to complete before the end of the funding period. The construction of the Morogoro Mambogo Water Treatment Plant is currently scheduled to complete in January 2014. All work post-Compact will be funded by the Government of Tanzania.</p>

The cancellation of the Malagarasi hydropower activity due to environmental concerns, resulted in the following alternative activities: 1) conducting a feasibility study for a 41 MW hydropower plant (completed); 2) rehabilitating sections of the Kigoma transmission and distribution network (works in progress); and 3) instituting a solar photovoltaic program for public, business and household sectors in Kigoma and Kasulu (works near completion).

Total contract commitments for the Transport Sector Project are listed higher than the project costs as of March 2012 due to an accounting timing difference that arose when allocating funding contributions of both MCC and Government of Tanzania. If there were no timing difference, the correct contract commitment figure as of March 2012 is \$363,865,273. The timing difference will be addressed for the quarter ending June 2012.

¹Expenditures are the sum of cash outlays and quarterly accruals for work completed but not yet paid or invoiced.

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